LIBRARY
SUPREME COURT, U. S.

Office-Supreme Court, U.S.
FILED
AUG 15 1963
JOHN F. DAVIS, CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1963

No. 377

AMERICAN AIR FILTER COMPANY, INC.,
Petitioner,

v.

FARR COMPANY,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

ROBERT C. WATSON
Counsel for Petitioner
815 15th Street, N. W.
Washington 5, D. C.

Of Counsel:
ROBERT E. ISNER
W. D. KEITH
GUY W. SHOUP
122 East 42nd Street
New York 17, New York

INDEX

	PAGE
Petition	
Opinions Below	1
Jurisdiction	1
Question Presented	2
Constitutional and Statutory Provisions Involved	2
Statement of the Case	2
Reasons For Granting The Writ	6
A. The Present Patent Statute and Its Background	6
B. The Scope of Judicial Power	9
C. The Importance of The Question	11
Conclusion	16
Appendix	
Decision, Findings of Fact, Conclusions of Law and Judgment of the District Court	1a
Decision of the Court of Appeals	29a
Constitutional and Statutory Provisions Involved	fold-out sheet

CITATIONS

CASES:	PAGE
Barenblatt v. *United States*, 360 U. S. 109 (1959)	10
Berman v. *Parker*, 348 U. S. 26 (1957)	10
Clark v. *Paul Gray, Inc.*, 306 U. S. 583 (1939)	10
Cuno Engineering Corp. v. *Automatic Devices Corp.*, 303 U. S. 84 (1941)	3, 7
Dewey v. *United States*, 178 U. S. 510 (1900)	10
Dunbar v. *Meyers*, 94 U. S. 187 (1876)	6
Eibel Process Co. v. *Minn. & Ontario Paper Co.*, 261 U. S. 45 (1923)	7
Electric Battery Co. v. *Shimadzu*, 307 U. S. 5 (1939)	10
Expanded Metal Co. v. *Bradford*, 214 U. S. 366 (1908)	6
FTC v. *Simplicity Pattern Co.*, 360 U. S. 55 (1959)	10
Gibbons v. *Ogden*, 22 U. S. (9 Wheat.) 1 (1824)	10
Great Atl. & Pac. Tea Co. v. *Supermarket Equipment Corp.*, 340 U. S. 147 (1950)	7, 9
Guaranty Trust Co. v. *Henwood*, 307 U. S. 247 (1939)	10
Helvering v. *Davis*, 301 U. S. 619 (1937)	10
Hotchkiss v. *Greenwood*, 52 U. S. (11 How.) 248 (1850)	6
Jungersen v. *Ostby & Barton Co.*, 335 U. S. 560 (1949)	7
Lincoln Co. v. *Stewart Warner Corp.*, 303 U. S. 545 (1938)	7
Local 1976 v. *NLRB*, 357 U. S. 93 (1958)	10

PAGE

McClain v. *Ortmayer*, 141 U. S. 419 (1891) 6
Maytag Co. v. *Murray Corp. of America*, 137 U. S. P. Q. 819 (1963) 15
Mazer v. *Stein*, 347 U. S. 201 (1954) 11
Mercoid Corp. v. *Mid-Continent Investment Co.*, 320 U. S. 661 (1944) 9
National Broadcasting Co. v. *United States*, 319 U. S. 190 (1943) 10
National Latex Products Co. v. *Sun Rubber Co.*, 274 F. 2d 224 (6th Cir. 1959) 15
NLRB v. *Jones & Laughlin Steel Corp.*, 301 U. S. 1 (1936) 10
Polish Alliance v. *NLRB*, 322 U. S. 643 (1944) ... 10
Railway Employee's Dept. v. *Hanson*, 351 U. S. 225 (1956) 10
Secretary of Agriculture v. *Central Roig Refining Co.*, 338 U. S. 604 (1950) 10
Sinclair Refining Co. v. *Atkinson*, 370 U. S. 195 (1962) 10
Southern Steamship Co. v. *NLRB*, 316 U. S. 31 (1942) 10
United States v. *American Union Transport, Inc.*, 327 U. S. 416 (1946) 11
United States v. *Bethlehem Steel Corp.*, 315 U. S. 289 (1942) 10
United States v. *Darby*, 312 U. S. 100 (1940) 10
United States v. *Kahriger*, 345 U. S. 22 (1953) 10
United States v. *Twin City Power Co.*, 350 U. S. 222 (1956) 10
Wickard v. *Filburn*, 317 U. S. 111 (1942) 10

CONSTITUTION:

U. S. Const. art. I, § 8 ..... 2, 6

PAGE

STATUTES:

28 U. S. C. § 1254 (1) 2
28 U. S. C. § 1338 (a) 3
35 U. S. C. § 101 ..... 2, 7
35 U. S. C. § 102 ..... 2, 7, 8, 9, 11
35 U. S. C. § 103 ..... 2, 3, 4, 7, 8, 9, 11, 13, 14
35 U. S. C. § 282 ..... 2, 9

MISCELLANEOUS:

Abramson, *The Patent System: Its Economic And Social Basis*, Study No. 26, Subcomm. on Patents, Trademarks and Copyrights, Senate Comm. on the Judiciary, 86th Cong., 2d Sess. (Comm. Print 1960) 12

Bush, *Proposals For Improving The Patent System*, Study No. 1, Subcomm. on Patents, Trademarks and Copyrights, Senate Comm. on the Judiciary, 84th Cong., 2d Sess. (Comm. Print 1956) 11, 13

Carr, *Our Patent System Works*, 4 J. R. E. 55 (1960) 12

Celebration Of The American Patent System, A Complete Summary of the Proceedings in Observance of the One Hundred Twenty-Fifth Anniversary of the United States Patent Act of 1836, Washington, D. C., October 18-25 inc., 1961 (1962) 12

Chin, *The Statutory Standard of Invention: Section 103 of the 1952 Patent Act*, 3 J. R. E. 317 (1959) 13, 14

Edwards, *Efforts To Establish A Statutory Standard of Invention*, Study No. 7, Subcomm. on Patents, Trademarks and Copyrights, Senate Comm. on the Judiciary, 85th Cong., 1st Sess. (Comm. Print 1958) 6, 7, 13, 14

PAGE

Frost, *The Patent System And The Modern Economy*, Study No. 2, Subcomm. on Patents, Trademarks and Copyrights, Senate Comm. on the Judiciary, 84th Cong., 2nd Sess. (Comm. Print 1957) 6, 11, 13

Harris, *A Patent Guide for Inventors and Executives, and the Context in Which it Appears*, 5 J. R. E. 310 (1961) 12

H. R. Rep. No. 1923, 82nd Cong., 2nd Sess. (1952) 7, 8, 9

Machlup, *An Economic Review Of The Patent System*, Study No. 15, Subcomm. on Patents, Trademarks and Copyrights, Senate Comm. on the Judiciary, 85th Cong., 2d Sess. (Comm. Print 1958) 12

Mayers, *The United States Patent System in Historical Perspective*, 3 J. R. E. 33 (1959) 12

NOTE, 63 COLUM. L. REV. 306 (1963) 13, 14

Proceedings of the First Public Conference of The Patent, Trade-Mark and Copyright Foundation, 1 J. R. E. CONF. SUPP. (1957) 12

Proceedings of The Annual Public Conference of The Patent, Trademark, and Copyright Foundation, 3 J. R. E. CONF. NUMBER (1959) 12

Report of Attorney General's National Committee to Study the Anti-Trust Laws (1955) 12

Sanders, Rossman and Harris, *Patent Acquisition By Corporations*, 3 J. R. E. 217 (1959) 12

S. Rep. No. 1979, 82nd Cong., 2nd Sess. (1952) 7, 8, 9

STAFF OF SUBCOMM. ON PATENTS, TRADEMARKS AND COPYRIGHTS, SENATE COMM. ON THE JUDICIARY, 86TH CONG., 2D SESS., AN ANALYSIS OF PATENT LITIGATION STATISTICS (Comm. Print 1961) 13, 14

PAGE

Strong and Markham, *Patents and Other Factors Affecting Executive Decisions*, 4 J. R. E. 49 (1960) 12

The Proceedings of The Annual Public Conference of The Patent, Trademark, and Copyright Foundation, 4 J. R. E. CONFERENCE NUMBER (1960) 12

IN THE

Supreme Court of the United States

OCTOBER TERM, 1963

No. ____

AMERICAN AIR FILTER COMPANY, INC.,
Petitioner,

v.

FARR COMPANY,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

American Air Filter Company, Inc. petitions that a writ of certiorari issue to review a judgment of the United States Court of Appeals for the Ninth Circuit, entered May 17, 1963, reversing a judgment of the United States District Court for the Southern District of California which held Rivers Patent No. 2,807,330 valid and infringed.

OPINIONS BELOW

The opinion, findings and conclusions of the District Court are unreported and are printed in the Appendix hereto, *infra*, pp. 1a-28a. The opinion of the Court of Appeals, printed in the Appendix hereto, *infra*, pp. 29a-35a, is reported only at 137 U. S. P. Q. 627 (1963).

JURISDICTION

The judgment of the Court of Appeals was entered on May 17, 1963. The jurisdiction of this Court is invoked under 28 U. S. C. § 1254(1).

QUESTION PRESENTED

Does a Court of Appeals have the power to invalidate a patent for lack of invention by superposition of conditions and requirements for patentability in addition to those "conditions and requirements" for patentability expressly set forth in Title 35 of the United States Code?

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

The eighth clause of Article I, Section 8 of the United States Constitution and Sections 101-103 and 282 of Title 35 of the United States Code are involved herein and are printed on a fold-out sheet following the Appendix hereto.

STATEMENT OF THE CASE

On September 2, 1958, petitioner brought an action against respondent for infringement of Rivers Patent No. 2,807,330 in the District Court for the Southern District of California.[1] Following the submission of extensive trial briefs, proposed findings of fact, a trial of six days' duration and oral argument of counsel, judgment was rendered for petitioner holding the patent valid and infringed.

The Rivers patent relates to ventilating air filters and automatic air filtering. The gist of the invention is the provision of an entirely new mode of manipulative operation for well known expansible compressible filter media (See Findings 38, 40, 46, 49, *infra*, pp. 18a-21a) and is expressed in method claim 2 as follows:

> 2. In a method of filtering from an air stream solids borne thereby, the steps consisting of progressively removing and expanding from a compressed supply web thereof an expansible-

[1] Jurisdiction was invoked under 28 USC § 1338(a).

compressible filter medium, moving the medium into and through said air stream and thereafter progressively recompressing the thus exposed medium, carrying the solids retained in it, into a disposable package.

The Rivers patent contains one additional method claim, two apparatus claims and a claim directed to a preformed package of filter medium. Claim 2 is exemplary, however, and it was conceded below and is petitioner's position here that if this claim is invalid for lack of invention, all the remaining claims are likewise invalid.

The Rivers invention, although in retrospect simple and easily understood, is possessed of most, if not all, of the classical judicially-recognized indicia of lack of obviousness and the presence of "invention". Specifically, the District Court found:

—a long standing problem in the art (Findings 26, 27, *infra*, pp. 14a-15a),

—a technological block in the minds of the skilled workers in the field (Finding 43, *infra*, p. 19a),

—unsuccessful prior attempts to solve the problems (Findings 22, 27, *infra*, pp. 11a-12a, 14a-15a),

—the availability, for over thirty years, of all the tools and knowledge utilized by Rivers in the conception and development of the invention (Finding 43, *infra*, p. 19a),

—a conception by Rivers under unusual circumstances (Finding 5, *infra*, p. 5a),[2]

[2]Which might be characterized as a "flash of genius" [*Cuno Engineering Corp.* v. *Automatic Devices Corp.*, 314 U. S. 84, 91 (1941)] if such criteria had not been explicitly rejected by Congress as a condition for patentability in the Patent Act of 1952. 35 U. S. C. § 103.

—the creation of an entirely new class of automatic air filters (Findings 40, 44, 45, *infra*, pp. 18a-19a) which avoided the disadvantages of the prior art units and provided new advantages and results not theretofore attained (Findings 26, 46, 47, 49, *infra*, pp. 13a-14a, 19a-21a),

—a spontaneous, immediate and widespread acceptance and demand by the trade, which was of a nature well qualified to independently judge the comparative utility and merit of the contribution (Findings 50-53, *infra*, p. 21a),

—the displacement of prior art devices (Finding 55, *infra*, p. 21a),

—and the admitted copying of the patented method by respondent because of the popularity of the invention with the trade and the demands of its sales representatives (Findings 8, 9, *infra*, p. 6a).

The District Court also expressly found that the prior art and arguments advanced by respondent were no better than or substantially different from the matters considered by the Patent Office (Findings 56, 59, *infra*, pp. 22a-23a); and that novelty in the form of a new mode of operation and new functions was present (Findings 40, 42, 48, 49, *infra*, pp. 18a, 20a-21a).

After having ascertained the requisite novelty required as a condition for patentability by 35 U. S. C. § 102, the District Court also found as a fact:

> None of the prior art upon which defendant relies teaches or discloses the inventions of the patent in suit, nor does it, taken alone or in combination, provide any teaching or disclosure that can be considered to render the inventions of the patent in suit obvious or apparent to those skilled in the art. Finding 60, *infra*, p. 23a.

Respondent duly filed an appeal on August 17, 1959 and, as indicated earlier, the Court of Appeals, after some delay, reversed on May 17, 1963.

Although the Court of Appeals reversed the District Court, it did not controvert the findings of fact below (*infra*, p. 32a) and in fact commented upon the basic lack of dispute as to the state of the prior art and the nature of the Rivers contribution (*infra*, p. 33a). It reversed solely for lack of invention and stated *the determinative issue* as follows:

> Whether Rivers' contribution is of sufficient novelty to be patentable is therefore a question of law, based upon the rule that a combination of old elements is patentable invention only if the elements take on some new quality or function by being brought into concert and their combination results in unusual or surprising consequences. (citing *Great Atl. & Pac. Tea Co. v. Supermarket Equip. Corp.*, 340 U. S. 147 (1959) and other cases.) *Infra*, p. 33a.

Insofar as method claim 2 is concerned, the Court of Appeals admitted the presence of "novelty" but found invalidity for lack of invention, despite the finding of new function and mode of operation (Finding 48, *infra*, p. 20a) as follows:

> Essentially Rivers' method consists of a series of steps in which an old filter material is manipulated in a new manner in an old filter apparatus to filter air. While the combination of operations was a good idea, we are unable to perceive that any of the requisite unusual or surprising consequences resulted. *Infra*, p. 34a.

The Court dismissed the classical indicia of the lack of obviousness as found by the District Court (*supra*, pp. 3-4) as "at the most weak reeds for a patentee to rely upon" (*infra*, p. 35a).

REASONS FOR GRANTING THE WRIT

This petition raises an important question of federal law and the scope of judicial power in relation thereto which has not been, but should be, decided by this Court.

A. The Present Patent Statute and Its Background

Patents in the United States exist only by virtue of statutes enacted by Congress pursuant to the enumerated power set forth in Art. I, § 8 of the Constitution. None of the predecessor statutes to the 1952 Act set forth any statutory "standard of invention" as a condition for patentability.[3] The requirement of "invention" was initially of judicial origin and had its genesis in *Hotchkiss* v. *Greenwood*, 52 U. S. (11 How.) 248 (1850). That decision introduced both the "requirement" of "invention" and set a "standard" therefor as follows:

> . . . for unless more ingenuity and skill in applying the old method . . . were required than were possessed by an ordinary mechanic acquainted with the business, there was an absence of that degree of skill and ingenuity which constitute essential elements of every invention. In other words, the improvement is the work of the skilful mechanic, not that of the inventor. 52 U. S. at 266.

Generally, in the ensuing years, this Court applied this standard of invention, albeit with some verbal variances. See, e.g., *Dunbar* v. *Meyers*, 94 U. S. 187, 197-200 (1876); *McClain* v. *Ortmayer*, 141 U. S. 419, 425-29 (1891); *Expanded Metal Co.* v. *Bradford*, 214 U. S. 366, 381 (1908);

---

[3] See, e.g., Edwards, *Efforts To Establish A Statutory Standard of Invention*, Study No. 7, Subcomm. on Patents, Trademarks and Copyrights, Senate Comm. on the Judiciary, 85th Cong., 1st Sess. 1-2 (Comm. Print 1958); Frost, *The Patent System And The Modern Economy*, Study No. 2, Subcomm. on Patents, Trademarks and Copyrights, Senate Comm. on the Judiciary, 84th Cong., 2nd Sess. 47-60 (Comm. Print 1957).

Eibel Process Co. v. *Minn. & Ontario Paper Co.*, 261 U. S. 45, 63 (1923). In more recent years, however, the terminology and associated discursive comments employed by this Court relative to the delineation of the standards of invention in certain cases has differed markedly from that of earlier cases. See *Lincoln Co.* v. *Stewart Warner Corp.*, 303 U. S. 545, 549 (1938); *Cuno Engineering Corp.* v. *Automatic Devices Corp.* 314 U. S. 84, 91 (1941). Such terminology, coupled with the associated discursive comments in *Great Atl. & Pac. Tea Co.* v. *Supermarket Equipment Corp.*, 340 U. S. 147 (1950) posed serious questions as to whether the standard of invention was being judicially raised.

The cumulative effect of the above, when viewed in light of the proportion of patents that were being held invalid on reaching this Court in the period subsequent to 1935, was the creation of a situation that might be aptly described as unstable and which led to pointed commentaries by members of this Court over the role of the judiciary in the patent system as then extant. See *Jungersen* v. *Ostby & Barton Co.*, 335 U. S. 560, 568, 571-2 (1949).

At least in partial response to the above development, Congress, in the late 1940's, considered the enactment of a statutory standard of invention.[4] These efforts culminated in the enactment, in 1952, of §§ 101, 102 and 103 of Title 35 of the United States Code (printed on a fold-out sheet following the Appendix hereto).

As noted in both the Senate and House Reports on the subject legislation, "Section 101 sets forth the subject matter that can be patented, 'subject to the conditions and requirements of this title.' The conditions under which a patent may be obtained follow, and Section 102 covers the condition relating to novelty."[5] Section 102 significantly

[4] See Edwards, *supra* note 3, at 2-15.

[5] S. Rep. No. 1979, 82nd Cong., 2nd Sess. 5 (1952); H. R. Rep. No. 1923, 82nd Cong., 2nd Sess. 6 (1952).

uses mandatory language—"A person shall be entitled to a patent unless . . ."

The Senate and House reports also state:

> There are a number of changes in substantive statutory law. . . . The major changes or innovations in the title consist of incorporating a requirement for invention in § 103 . . .[6]

With respect to § 103, the Reports state:

> Section 103, for the first time in our statute, provides a condition which exists in the law and has existed for more than 100 years, but only by reason of decisions of the courts. An invention which has been made, and which is new in the sense that the same thing has not been made before, may still not be patentable if the difference between the new thing and what was known before is not considered sufficiently great to warrant a patent. That has been expressed in a large variety of ways in decisions of the Courts and in writings. Sec. 103 states this requirement in the title. It refers to the difference between the subject matter sought to be patented and the prior art, meaning what was known before as described in section 102. If this difference is such that the subject matter as a whole would have been obvious at the time to a person skilled in the art, then the subject matter cannot be patented.[7]

and as to the intent and purpose of Congress the Reports continue:

> That provision paraphrases language which has often been used in decisions of the Courts, and the section is added to the statute for uniformity and

---

[6] *Id.*, S. Rep. at 4; H. R. Rep. at 5.

[7] *Id.*, S. Rep. at 6; H. R. Rep. at 5.

definiteness. This section should have a stabilizing effect and minimize great departures which have appeared in some cases.[8]

That the Congressionally selected standard of invention is that defined in § 103 is confirmed by the express wording of § 282 which enumerates defenses in patent actions and sets forth, as an invalidity defense which must be pleaded, *inter alia*: "Invalidity of the patent or any claim in suit on any ground specified in part II of this title *as a condition for patentability*" (Emphasis added). Reference to part II of Title 35 clearly shows that only §§ 102 and 103 are specifically entitled and delineated "Conditions for patentability".

It would seem quite clear from the foregoing that Congress has, in the Patent Act of 1952, for the first time enacted a specific statutory requirement for and standard of invention.

It is also submitted to be beyond argument that the Court of Appeals in the instant litigation did not measure the method claim of the Rivers patent against 35 U. S. C. § 103 but rather superimposed additional conditions and requirements for patentability of judicial origin upon those enacted by Congress in the Patent Act of 1952.[9]

B. The Scope of Judicial Power

It is the public interest which is dominant in the patent system. *Mercoid Corp.* v. *Mid-Continent Investment Co.*, 320 U. S. 661, 665 (1944). But the legislature is the prime

[8] *Id.*, S. Rep. at 6; H. R. Rep. at 5.

[9] For the purposes of this petition we reserve the obvious questions that arise as to the applicability of the test of *Great Atl. & Pac. Co.* v. *Supermarket Equipment Corp.*, 340 U. S. 147 (1950) to method claims generally or the applicability of such test or portions thereof to the particular claims here in issue in view of Finding 48 (*infra*, p. 20a).

guardian of the public interest. This was recognized in *Berman* v. *Parker*, 348 U. S. 26, at 32 (1957): "Subject to specific constitutional limitations, when the legislature has spoken, the public interest has been declared in terms well-nigh conclusive."[10] In the instant situation there can be no doubt that Congress *has spoken and has defined*, for the first time, a statutory standard of invention (*supra*, pp. 7-9).

It is settled law both as a general proposition and with respect to other enumerated powers of Congress, that where Congress has acted, judicial power is effectively limited to the determination of whether the legislature, in what it has prescribed, has gone beyond constitutional limits. In this determination the Court is not concerned whether the action taken was wise or expedient. *Gibbons* v. *Ogden*, 22 U. S. (9 Wheat.) 1, 196-7 (1824); *NLRB* v. *Jones & Laughlin Steel Corp.*, 301 U. S. 1, 46 (1936); *Helvering* v. *Davis*, 301 U. S. 619, 640 (1937); *Guaranty Trust Co.* v. *Henwood*, 307 U. S. 247, 259 (1939); *National Broadcasting Co.* v. *United States*, 319 U. S. 190, 219-20 (1943); *Polish Alliance* v. *NLRB*, 322 U. S. 643, 650-1 (1944); *United States* v. *Twin City Power Co.*, 350 U. S. 222, 224 (1956); *Railway Employe's Dept.* v. *Hanson*, 351 U. S. 225, 234 (1956); *Sinclair Refining Co.* v. *Atkinson*, 370 U. S. 195, 214-5 (1962).[11] It also recognized that the judicial power does not extend to engraftment to or superposition on legislative action. *Dewey* v. *United States*, 178 U. S. 510, 520-1 (1900); *Clark* v. *Paul Gray, Inc.*, 306 U. S. 583, 594 (1939); *Electric Battery Co.* v. *Shimadzu*, 307 U. S. 5, 14 (1939); *United States* v. *Bethlehem Steel Corp.*,

---

[10]Cf. *Local 1976* v. *NLRB*, 357 U. S. 93, 100 (1958).

[11]See *United States* v. *Darby*, 312 U. S. 100, 115-6 (1940); *Southern Steamship Co.* v. *NLRB*, 316 U. S. 31, 43 (1942); *Wickard* v. *Filburn*, 317 U. S. 111, 120-1 (1942); *Secretary of Agriculture* v. *Central Roig Refining Co.*, 338 U. S. 604, 619 (1950); *United States* v. *Kahriger*, 345 U. S. 22, 29 (1953); *FTC* v. *Simplicity Pattern Co.*, 360 U. S. 55, 67-8 (1959); *Barenblatt* v. *United States*, 360 U. S. 109, 132 (1959).

315 U. S. 289, 309 (1942); *United States* v. *American Union Transport, Inc.*, 327 U. S. 416, 456-7 (1946).

In the case at bar, the Court of Appeals clearly did not limit the scope of its review of the District Court's holding to the determination of whether or not the Rivers patent satisfied the express statutory conditions and requirements for patentability as enacted by Congress in 35 U. S. C. § 102 and 103 but rather superimposed conditions and requirements for patentability upon those specified by the legislature. Petitioner submits that such action by the Court of Appeals was beyond the scope of judicial power and requires reversal by this Court.

C. The Importance Of The Question

As one aspect of an increasing concern in an era of rapidly increasing population and a declining rate of economic growth, recent years have witnessed a marked increase in analytical studies of the relationship of patents and the patent system to the economy. Although it has been long recognized that the economic philosophy behind the Constitutional empowerment of Congress to grant patents was the conviction that ". . . encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of . . . inventors . . .[12]", these studies have revealed a growing re-awareness of the importance of the relationship between patents and risk capital, both generally, insofar as concerns research, development and production facilities and also specifically, as concerns the conception, formation and early growth of small businesses. Studies have been initiated and published by, among others, Congress[13] and private educational foundations.[14]

---

[12] *Mazer* v. *Stein*, 347 U. S. 201, 219 (1954).

[13] See, e.g., Frost, *supra* note 3, at 5, 13, 15, 16, 19; Bush, *Proposals For Improving The Patent System*, Study No. 1, Subcomm.

Significantly included in such studies are indications of the mounting concern with the unsettled condition of the patent law, possible disillusionment due to the high mortality rate of patents and the uncertainty and expense incumbent

---

on Patents, Trademarks and Copyrights, Senate Comm. on the Judiciary, 84th Cong., 2d Sess. 1-7, 18-19 (Comm. Print 1956); Machlup, *An Economic Review Of The Patent System*, Study No. 15, Subcomm. on Patents, Trademarks and Copyrights, Senate Comm. on the Judiciary, 85th Cong., 2d Sess. 21, 23-4, 36-8 (Comm. Print 1958); Abramson, *The Patent System: Its Economic And Social Basis*, Study No. 26, Subcomm. on Patents, Trademarks and Copyrights, Senate Comm. on the Judiciary, 86th Cong., 2d Sess. 1-3, 5-6, 11-12 (Comm. Print 1960); See also *Celebration Of The American Patent System*, A Complete Summary of the Proceedings in Observance of the One Hundred Twenty-Fifth Anniversary of the United States Patent Act of 1836, Washington, D. C., October 18-25 inc., 1961, 21-31 (1962).

[14]A relatively new source of information regarding the relationship of patents to the modern economy is the PATENT, TRADEMARK AND COPYRIGHT JOURNAL OF RESEARCH AND EDUCATION of the Patent, Trademark and Copyright Foundation of The George Washington University (hereinafter cited as J. R. E.). As to business and small business conception, formation and early growth in selected industries see *Proceedings of the First Public Conference of The Patent, Trade-Mark and Copyright Foundation*, 1 J. R. E. CONF. SUPP. 46, 135 (1957); *Proceedings of The Annual Public Conference of The Patent, Trademark, and Copyright Foundation*, 3 J. R. E. CONF. NUMBER 79 (1959); Harris, *A Patent Guide for Inventors and Executives, and the Context in Which it Appears*, 5 J. R. E. 310, 322-3 n. 37 (1961). As to research endeavors see Carr, *Our Patent System Works*, 4 J. R. E. 55, 68-71 (1960); Harris, *supra*, at 322 n. 37 (1961). As to comparative significance re size of business see Sanders, Rossman and Harris, *Patent Acquisition By Corporations*, 3 J. R. E. 217, 218 (1959); Strong and Markham, *Patents and Other Factors Affecting Executive Decisions*, 4 J. R. E. 49, 54 (1960); Carr, *supra*, at 70, 71; Harris, *supra*, at 315 n. 16, 323 n. 37. As to incentives and uncertainties related to risk capital see *Report of Attorney General's National Committee to Study the Anti-Trust Laws* 224-25 (1955); Mayers, *The United States Patent System in Historical Perspective*, 3 J. R. E. 33, 33 (1959). As to the rate of decline in patents issued relative to population in the United States during the last 30 years as compared to other industrial countries having a faster growth rate see, e.g. *The Proceedings of The Annual Public Conference of The Patent, Trademark, and Copyright Foundation*, 4 J. R. E. CONFERENCE NUMBER 57-66 (1960).

upon participants in patent litigation.[15] The focal point of trouble is not difficult to recognize. It is described in a recent Staff Report of the Subcommittee on Patents, Trademarks and Copyrights of the Senate Committee on the Judiciary:

> The annual reports of the subcommittee have noted the continuing gap between the views of the Patent Office and the U. S. courts as to what is and what is not patentable. No significant improvement in this situation has been observed since the enactment of section 103, which defines the standard of invention in the Patent Act of 1952. Viewed from the experience of the past 6 years, the statement in the Senate report of 1952 that section 103 "should have a stabilizing effect and minimize great departures which have appeared in some cases," appears unduly optimistic.
>
> Not only is the standard of invention clouded in uncertainty but the various circuits are unable even to agree as to the legislative intent expressed in section 103. One view holds that the standard of patentability was unchanged by the enactment of section 103, while the other position is that it was the intent of Congress to relax the rigid test of patentability laid down by the Supreme Court.[16]

Analyses of the situation by case compilation by circuit have been made by Congress[17] and by others.[18]

---

[15]Bush, *supra* note 13, at 11-12, 18-19; Frost, *supra* note 3, at 58-60; STAFF OF SUBCOMM. ON PATENTS, TRADEMARKS AND COPYRIGHTS, SENATE COMM. ON THE JUDICIARY, 86TH CONG., 2D SESS., AN ANALYSIS OF PATENT LITIGATION STATISTICS iii, 1-2, 6 (Comm. Print 1961).

[16]AN ANALYSIS OF PATENT LITIGATION STATISTICS, *supra* note 15, at 1.

[17]Edwards, *supra* note 3, at 17-24; AN ANALYSIS OF PATENT LITIGATION STATISTICS, *supra* note 15.

[18]NOTE, 63 COLUM. L. REV. 306 (1963); Chin, *The Statutory Standard of Invention: Section 103 of the 1952 Patent Act*, 3 J. R. E. 317 (1959).

The most recent of these analyses takes the position that in the Courts of Appeal for the Second, Third and Fourth Circuits and the District of Columbia, 35 U. S. C. § 103 has been interpreted as relaxing the previously enunciated judicial standard of invention; that in the Courts of Appeal for the First, Fifth, Sixth, Eighth and Ninth Circuits, 35 U. S. C. § 103 has been interpreted as being a codification of all prior decisional law and hence introductory of no change in the standard of invention; and that the Courts of Appeal for the Seventh and Tenth Circuits have taken no discernible position.[19] Not surprisingly, prior analyses differ as to the position of the various circuits.[20] Still another unsettled area is whether invention is a question of law or fact.[21] One of the consequences of the confusion and uncertainty now extant has been the widespread invalidation of patents, particularly by appellate courts.[22] In this context; comments in the Staff Report (*supra*, note 15) are particularly appropriate: "On the other hand, the number of patent invalidations must be viewed with concern since usually it is the patents with the greatest prospect of commercial importance which are litigated."[23] "Any widespread disillusionment with the patent system could retard the flow of scientific information with a resulting danger to the rate of economic growth and the national security."[24]

The instant case is a recent example of the unsettled situation now extant. The Court of Appeals

—makes no mention of the statute.

---

[19] NOTE, COLUM. L. REV. *supra* note 18, at 313-23.

[20] Chin, *supra* note 18; Edwards *supra* note 3.

[21] AN ANALYSIS OF PATENT LITIGATION STATISTICS, *supra* note 15, at 6-8.

[22] *Id* at 24.

[23] *Id* at 6.

[24] *Id* at 2.

—raises no point as to the propriety of the facts found below, but expressly holds that invention is a question of law;

—reverses the lower court and finds the method claims invalid, on the sole ground that no "requisite unusual or surprising consequences resulted" (*infra*, p. 34a)

—makes no comment as to the express finding of lack of obviousness below (Finding 60, *supra* p. 4)

—and dismisses the factual indicia upon which courts have long relied as evidence of lack of obviousness as "at the most weak reeds for a patentee to lean upon" (*infra*, p. 35a)

In contradistinction therewith and, as an example, the Court of Appeals for the Sixth Circuit holds that invention is a question of fact, *Maytag Co.* v. *Murray Corp. of America*, 137 U.S. P.Q. 819, 821 (1963) and places heavy reliance upon the findings of fact of the lower court including those relating to the indicia here dismissed as "weak reeds." See, e.g., *National Latex Products Co.* v. *Sun Rubber Co.*, 274 F. 2d 224, 239-40 (6th Cir. 1959).

It is submitted that the foregoing clearly demonstrates the importance of the question presented and the need for consistency of judicial action with respect to a branch of law intimately affecting economic growth.

CONCLUSION

For the foregoing reasons it is respectfully urged that this petition be granted.

Respectfully submitted,

ROBERT C. WATSON
Counsel for Petitioner
815 15th Street, N. W.
Washington 5, D. C.

Of Counsel:
ROBERT E. ISNER
W. D. KEITH
GUY W. SHOUP
122 East 42nd Street
New York 17, New York

August 14, 1963